

Table of Contents

State/Territory Name: Wisconsin

State Plan Amendment (SPA) #: WI 16-0005

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, MD 21244-1850



Financial Management Group

JUL 12 2017

Mr. Michael Heifetz
State Medicaid Director
Department of Health Services
1 West Wilson St.
P.O. Box 309
Madison, WI 53701-0309

RE: Wisconsin State Plan Amendment (SPA) 16-0005

Dear Mr. Heifetz:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 16-0005. Effective for services on or after April 1, 2016, this amendment revises reimbursement methodologies for inpatient hospital rates and methodologies for measurement year 2017 pay for performance program updates.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a), and 1923 of the Social Security Act and the regulations at 42 CFR 447 Subpart C. We hereby inform you that Medicaid State plan amendment 16-0005 is approved effective April 1, 2016. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call Tom Caughey at (517) 487-8598.

Sincerely,

A black rectangular redaction box covering the signature of Kristin Fan.

Kristin Fan
Director

Enclosure

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

1. TRANSMITTAL NUMBER:
16-0005

2. STATE
Wisconsin

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE
04/01/2016

5. TYPE OF PLAN MATERIAL (*Check One*):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (*Separate Transmittal for each amendment*)

6. FEDERAL STATUTE/REGULATION CITATION:
47 CFR 447.250

7. FEDERAL BUDGET IMPACT:

a. FFY 2016 \$0K

b. FFY 2017 \$0K

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-A, Pages 22 to 24.

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (*If Applicable*):

Same

10. SUBJECT OF AMENDMENT:

Inpatient hospital rates and methodologies; Measurement Year 2016 Pay-for-Performance Program Updates.

11. GOVERNOR'S REVIEW (*Check One*):

☒ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☐ OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Kevin E. Moore

14. TITLE:

State Medicaid Director

15. DATE SUBMITTED:

June 29, 2016

16. RETURN TO:

Kevin E. Moore
State Medicaid Director
Department of Health Services
1 W. Wilson St.
P.O. Box 309
Madison, WI 53701-0309

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

JUL 12 2017

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

APR 01 2016

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

Tristin Fan

22. TITLE:

Director, FMC

23. REMARKS:

6600 Performance-Based Payments

6610 Assessment-Funded Performance-Based Payments

The Department reserves \$5 million (all funds) in each SFY for its Hospital Assessment Pay-for-Performance (HAP4P) program, which provides for payments to acute care, children's, and rehabilitation hospitals located in Wisconsin. Critical access hospitals are not included in the HAP4P program because they already receive cost-based reimbursement. Psychiatric hospitals are not included because they are paid under a different reimbursement methodology in the State Plan.

The HAP4P program is administered on a measurement year (MY) basis. Each MY runs from April 1 through March 31 of the next calendar year, and is named after the calendar year in which it ends. Payments for each MY are made annually by the December 31 following the conclusion of the MY.

The remainder of this section describes the program's design and requirements for MY2017. In order to be eligible for HAP4P program payments, hospitals are required to report performance measure data and meet performance-based targets as specified in the Hospital Pay-for-Performance (P4P) Guide (effective April 1, 2016 for MY 2017) published on the Wisconsin ForwardHealth Portal.

Hospitals receive payment for scoring at or above the averages published in the P4P Guide for the three CheckPoint measures, and their respective sub-measures, as listed below.

- 1) Perinatal Measures (\$2 million) – Hospitals are scored on two sub-measures (Cesarean Section and Newborn Screening Turnaround Time). A hospital can earn a 75% "partial share" of the \$2 million by scoring at or above the published average on one of the sub-measures, or can earn a 100% "full share" of the \$2 million by scoring at or above the published average on both of the sub-measures.
- 2) Patient Experience of Care (\$1.5 million) – Hospitals are scored on 11 sub-measures drawn from the -31 question Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) survey completed by patients. A hospital can earn a 100% "full share" of the \$1.5 million by scoring at or above the published average on at least three of the sub-measures.
- 3) Central Line Associated Blood Stream Infections (CLABSI) (\$1.5 million) – Hospitals are scored based on their performance on this standard infection ratio that is calculated for all Wisconsin hospitals. A hospital can earn a 100% "full share" of the \$1.5 million by scoring at or above the published average for this measure.

Only data submitted to CheckPoint as of the September 30 following the conclusion of the MY are included in the calculations of performance on these measures.

The Department determines the payment amounts and recipients for each measure separately. The Department calculates the "full share" payment amount for a measure by dividing the budget for the measure by the sum of ("partial" and "full") shares earned by hospitals; the "partial share" payment amount is the "full share" payment amount multiplied by the "partial share" percentage. For example, if, for the Perinatal Measures, 25 hospitals qualify for "full shares" and 20 hospitals qualify for 75% "partial shares," the sum of the shares is 40 ($25 + (0.75 \times 20)$), so the 25 hospitals each earn \$50,000 ($\$2 \text{ million} / 40$) while the 20 hospitals each earn \$37,500 ($\$50,000 \times 0.75$).

HAP4P payments are limited by the federal UPL regulations at 42 CFR §447.272. All HAP4P payments are included in the UPL calculation for the MY regardless of when payments are actually made.

6620 Withhold-Based Performance-Based Payments

The Department has a Hospital Withhold Pay-for-Performance (HWP4P) program that provides for payments for acute care, children's, critical access, and psychiatric hospital services. Long-term care, rehabilitation, and out-of-state hospitals are exempt from the HWP4P program.

The Department administers the HWP4P program on a measurement year (MY) basis. The chart below shows the start and end dates for the first two MYs of the HWP4P program, which did not occupy a full 12 months.

MY 2013	Start: July 1, 2012	End: March 31, 2013
MY 2014	Start: May 15, 2013	End: March 31, 2014

Subsequent MYs are on a 12-month cycle, from April 1 through March 31 of the next calendar year.

For each MY, the Department pays FFS claims for services at the rate of 98.5% of the reimbursement in effect during the MY. The HWP4P pool amount is the remaining 1.5% of the reimbursement in effect during the MY for those same FFS claims.

Hospital supplemental payments made to eligible providers, including access payments, are excluded from the HWP4P pool amount.

The Department makes HWP4P payments for each MY annually by the December 31 following the conclusion of the MY.

The remainder of this section describes the program's design and requirements for MY 2017. In order to be eligible for HWP4P program payments, hospitals are required to report performance measure data and meet performance-based targets as specified in the Hospital Pay-for-Performance (P4P) Guide (effective April 1 2016 for MY 2017) published on the Wisconsin ForwardHealth Portal.

Hospitals that meet both reporting requirements and performance-based targets, for the measures described later in this section, are eligible to receive payments from the HWP4P pool as follows:

- The Department calculates individual HWP4P pool amounts for each eligible hospital. At the end of the MY, the Department divides each individual HWP4P pool amount by the number of measures applicable to the respective hospital to determine the value of each measure. (E.g., if a hospital's individual pool equals \$100,000 and it qualifies to participate in four measures, then each measure is worth \$25,000.) As a result, the value of a given measure will vary from hospital to hospital, impacted by both the size of the individual hospital's HWP4P pool amount and the number of measures for which the hospital qualified.
- If a hospital meets all of its performance targets for all applicable measures, it receives a payment equal to its individual HWP4P pool amount.
- If a hospital does not meet all of its performance targets, it earns dollars for those measures where the targets were met, in a graduated manner as specified in the Hospital P4P Guide.
- If all participating hospitals meet all of their individually applicable targets, no additional HWP4P pool funds are available and thus no bonus payments beyond those described above can be made to any hospital.
- If at least one participating hospital does not receive its full HWP4P pool amount, the Department aggregates all remaining HWP4P pool funds and distributes them as additional bonus payments to hospitals that met their performance targets.

The Department ensures that all HWP4P pool dollars are paid back to hospitals by providing bonus payments. If a hospital meets all reporting requirements and performs in the highest tier on at least one applicable pay-for-performance (as opposed to pay-for-reporting) measure, it qualifies to receive a bonus payment. Bonus dollars are shared proportionally among hospitals weighted by two factors: the relative magnitudes of the individual HWP4P pool amounts for all hospitals that qualified for the additional bonus and the percentage of applicable measures for which the hospitals performed in the highest performance tier. Therefore, hospitals with a larger HWP4P pool amount receive a larger portion of the additional bonus dollars available, while high-performing hospitals are also rewarded. The University of Wisconsin Medical Center and CAHs are only eligible for WMP payment, including the HWP4P payments, up to cost.

The Department notifies each eligible hospital, prior to the MY, of the minimum performance requirements to receive the HWP4P pool payment. Complete details, including technical information regarding specific quality and reporting metrics, performance requirements, and HWP4P adjustments, are available in the Hospital P4P Guide. The performance measures that are in effect in this State Plan on the first day of each MY are the measures that are used for that MY. Except in cases of emergency rule, providers are given at least 30 days' written notice of any and all changes to the Hospital P4P Guide.

The measures for MY 2017 are:

- 1) Thirty-day hospital readmission – Hospitals are scored on the percentage of patients that had a qualifying readmission within 30 days of a qualifying discharge. This measure is applicable to a hospital that has at least 30 observations during the MY. To qualify for its earn-back on this measure, a hospital must exceed either the state average or its past performance (MY 2015).
- 2) Mental health follow-up visit within 30 days of discharge for mental health inpatient care – Hospitals are scored on the percentage of patients that had a mental health follow-up appointment within 30 days of a qualifying mental health discharge. This measure is applicable to a hospital that has at least 30 observations during the MY. To qualify for its earn-back on this measure, a hospital must improve upon its past performance (MY 2015) or exceed the state average.
- 3) Asthma care for children – Hospitals are scored on the percentage of children admitted to a hospital with a qualifying asthma diagnosis that were discharged with a Home Management Plan of Care (HMPC). This measure is applicable to children's hospitals that have at least 30 observations during the MY. To qualify for its earn-back on this measure, a hospital must submit its data to the Joint Commission by the September 30 following the MY and must exceed either the national average or its past performance (MY2015) on this measure.
- 4) Healthcare personnel influenza vaccination – Hospitals are evaluated on their performance on the Health Care Personnel Influenza Vaccination measure submitted via the Centers for Disease Control and Prevention's (CDC's) National Healthcare Safety Network (NHSN) module. To qualify for its earn-back on this measure, a hospital must exceed either the national average (as published by NHSN) for the previous flu season or its past performance (MY 2015). Hospitals must report their healthcare personnel influenza vaccination results to the NHSN module prior to the deadline set by NHSN.
- 5) Early elective induced deliveries - PC-01 – Hospitals are evaluated on their percentage of patients with elective deliveries at greater than or equal to 37 and less than 39 weeks of gestation. This measure is applicable to hospital that has at least 25 observations during the MY. To qualify for its earn-back on this measure, a hospital must submit its data to CheckPoint prior to the September 30 following the MY and must outperform either the statewide average or its past performance (MY 2015).
- 6) Catheter Associated Urinary Tract Infections (CAUTI) – Hospitals are evaluated on a standardized infection ratio. This measure is applicable to a hospital that has at least 25 observations during the MY. To qualify for its earn-back on this measure, a hospital must submit its data to CheckPoint prior to the September 30 following the MY and must outperform either the statewide average or its past performance (MY2015).
- 7) Clostridium Difficile Infection (CDI) (Pay-for-reporting) - Hospitals are evaluated on their submission of CDI data to Wisconsin CheckPoint. To qualify for its earn-back on this measure, a hospital must submit its data to CheckPoint prior to the September 30 following the MY.
- 8) Methicillin-resistant Staphylococcus aureus Infection (MRSA) (Pay-for-Reporting) – Hospitals are evaluated on their submission of MRSA data to Wisconsin CheckPoint. To qualify for its earn-back on this measure, a hospital must submit its data to CheckPoint prior to the September 30 following the MY.
- 9) Surgical Site Infection (SSI) Colon Surgery – Hospitals are evaluated on a standard infection ratio. This measure is applicable to a hospital with at least 25 observations during the MY. To qualify for its earn-back on this measure a hospital must submit its data to Wisconsin CheckPoint prior to the September 30 following the MY and must outperform either the statewide average or its past performance (4/1/2015 – 3/31/2016).
- 10) Surgical Site Infection (SSI) Abdominal Hysterectomy – Hospitals are evaluated on a standard infection ratio. This measure is applicable to a hospital with at least 25 observations during the MY. To qualify for its earn-back on this measure, a hospital must submit its data to Wisconsin CheckPoint prior to the September 30 following the MY and must outperform either the statewide average or its past performance (4/1/2015 - 3/31/2016).

HWP4P payments, including the additional bonus payments, are limited by the federal UPL regulations at 42 CFR §447.272. All HWP4P payments, including the additional bonus payments, are included in the UPL calculation for the MY regardless of when payments are actually made.